

"The one book executives of companies competing for today's digital customer should read is The Definitive Guide to Social CRM."

—Neal Keene, VP of Indirect Sales/Customer Engagement Solutions, Pitney Bowes

THE DEFINITIVE GUIDE TO Social CRM

Maximizing Customer Relationships
with Social Media to Gain Market
Insights, Customers, and Profits



Barton J. Goldenberg

Founder & President, ISM Inc.

Praise for *The Definitive Guide to Social CRM*

“Barton Goldenberg’s *The Definitive Guide to Social CRM* is just that: a clear and detailed step-by-step outline for embracing social CRM organization-wide, complete with his proven methodologies for strategy and technology adoption within a business. It’s just the primer needed to help business leaders outline how to approach social CRM in their enterprise.”

—**Ginger Conlon**, Editor-in-Chief, *Direct Marketing News*

“Barton Goldenberg has been at the forefront of Customer Relationship Management for 30 years. As a regular columnist to *CRM Magazine* since our launch in 1997, Barton has influenced our audience in print, online, and as a conference chair and speaker at our annual CRM Evolution Conference & Exhibition. Barton has also written extensively for many other media outlets and has been a highly sought after speaker at numerous industry events. Social CRM is still in its early stages of development and Barton’s newest book, *The Definitive Guide to Social CRM* is a must read for anyone trying to get verifiable return-on-investment with their Social CRM projects.”

—**Bob Fernekees**, VP/Group Publisher, CRM Media, a division of Information Today, Inc.

“While Pyrotek is just now dipping our toe in the social media waters, we feel very fortunate to have Barton—and his new book—as our guide while we begin forming a Social CRM strategy.”

—**Joe Tarulli**, Corporate Sales Development Manager, Pyrotek Inc.

“Social CRM is critical to customer engagement in today’s social media driven world. Barton brings his 30 years of experience with helping best-in-class companies with their customer-centric initiatives to bear in this timely analysis of how to do Social CRM right.”

—**Mike Merriman**, Vice President, Sales & Marketing, Mzinga

“As an ISM client, we know the experience and expertise Barton brings to customer-centric initiatives. In his new book, Barton shares his expertise with case studies and a clearly defined roadmap for Social CRM adoption.”

—**Chip Devine**, Vice President—MultiChannel Business, Ferguson

Knowledge Management Mini Case Study

Company A, a global, best-in-class manufacturer, sells its products via distributors, but several years ago came to realize the potential dangers of losing contact with the customers of these distributors, which Company A calls “consumers.” Company A’s challenge is to utilize Social CRM to maintain a two-way dialogue with the consumers while motivating distributors to participate in the private Social Media community created as the foundation to its Social CRM initiative.

To meet this objective, Company A has created (in addition to its public Facebook social community) a private social community with three separate “entry doors,” as follows:

- **Entry Door 1**—Open to consumers who want to share their opinions and new product ideas with each other, and with Company A’s employees who monitor the community.
- **Entry Door 2**—Open to Company A’s distributors, where forums and blogs focus more on sharing best practices for distributors participating in the industry.
- **Entry Door 3**—The third door focuses on topics around efficiency in distribution, where both distributors and their consumers share ideas with one another.

Company A’s private Social Media community is built on a Social Media platform that offers blogs, forums, contests, polls, Ask the Expert, site searches, product data sheets, and so on. In addition to leveraging these standard Social Media functions, Company A has now begun to focus on three related activities:

- To facilitate Door 3 activities (that is, the discussion of topics around efficiency in distribution), Company A has opted to leverage the knowledge database that comes with the Social Media platform. More specifically, in addition to distributors and consumers, Company A has opened the community to a limited group of Company A’s retirees. Creative thoughts that are generated during the “efficiency in distribution” discussions are tagged and automatically stored in the Social Media platform’s knowledge base.

- Company A is filtering and integrating social insights from the private community directly into the consumer profiles held in its Social CRM system. This allows Company A's customer-facing personnel to have a better and more complete picture of their consumers.
- Company A is coordinating and integrating Social Media activity with search engine optimization (SEO) in mind. Search is still a huge source for securing customers, but Social Media is growing in importance within search engines. Social content (for example, images, articles, video, and tweets) are links in organic search results. Therefore, organizations must take care of *what* and *how* they post Social Media blog entries, tweets, forums, and so on. In fact, recent studies confirm that consumers exposed to a brand's Social Media content are 2.8 times more likely to search on that brand's terms, that consumers exposed to a brand's Social Media content are 1.7 times more likely to search with the intention of making a purchase, and that, overall, brands report a 50 percent lift in click-through rates from consumers exposed to both Social Media and paid search.²

Company A's private Social Media community is a work in progress, but initial pilot-period metrics show a 12 percent lift in sales for consumers belonging to the community versus consumers who do not.

Next up in Chapter 7, "Overcoming Skepticism to Exploit Social CRM," I will describe the Social CRM success formula that can be used to bring about a fundamental shift in how an organization can interact with its customers and other organizations.

Endnotes

1. McKinsey Global Institute, "The Social Economy: Unlocking Value and Productivity Through Social Technologies," http://www.mckinsey.com/insights/high_tech_telecoms_internet/the_social_economy (July 2012).
2. GroupM Search, "The Influenced: Social Media, Search and the Interplay of Consideration and Consumption," <http://www.scribd.com/doc/20703026/The-Influenced-Social-Media-Search-and-the-Interplay-of-Consideration-and-Consumption#scribd> (October 2009).

Overcoming Skepticism to Exploit Social CRM

The previous three chapters describe a Social CRM framework, look into the value-add and requirements of external- and internal-facing Social Media communities, and make the strong link between Social Media communities and Social CRM. This chapter delves into why I think some executives are still hesitant to jump into Social CRM.

The Social CRM industry is a very robust market. MarketsandMarkets forecasts the worldwide market of \$1.9 billion in 2013 growing to \$9.1 billion in 2018.¹ This represents a compound annual growth rate of 36.5 percent during this five-year period. The following factors account for this impressive, continuing growth:

- The rising focus on creating meaningful customer engagement
- The continuing need to better understand customers' sentiments
- Acknowledgement of customers' strong desire for two-way dialogue with the companies they want to buy from
- The explosion of Social Media platforms that easily deliver the capability for that two-way dialogue
- Recognition that collaborating in real time helps management at all levels to make more informed decisions

Organizations are now placing increased emphasis on listening to their customers in Social Media communities because of Social CRM's value-add. The Social CRM framework described in Chapter 4, "Leverage Social Media Information to Advance Your Social CRM Efforts," shows how Social CRM gathers social insight from both public and private social communities, filters this free-form information to ensure that

organizations have captured meaningful social insights, and then integrates this filtered insight into Social CRM customer profiles to provide a deeper understanding of the organizations' customers and prospects. With Social CRM, organizations can now leverage all the transactional information that exists in their Social CRM system (for example, sales forecasts, customer service incident management, and market campaigns) *in addition to* sentiment-based insight gathered from Social Media communities, including how customers feel about doing business with these organizations.

In the 30 years of my industry involvement, I have never witnessed the amount of confusion about and skepticism of when and how best to adopt a new CRM-related process/toolset as I have with Social CRM. At the same time, organizations that have stopped questioning and have charged forward with Social CRM are beginning to pull away from their competitors.

One of the benefits of working with global, best-in-class organizations during the years is that these organizations have the resources to try new ideas early on. My work with the American Automobile Association (AAA) clubs is a case in point. Chapter 1, "Social CRM: The Intersection of Social Media and CRM," describes how ISM assisted multiple AAA clubs to set up private Social Media communities and how some of the clubs harvest valuable member information and place this information directly into each member's customer profile. As a result, AAA frontline personnel in several clubs are better positioned to serve their members because they have a deeper insight onto their members' needs, along with a better read on how well members think AAA can meet their individual needs. But despite the strong concepts behind Social CRM, many organizations harbor a good deal of skepticism of it. Executives tend to shy away from opening organizations to a healthy, two-way customer exchange. Typically, executives voice the following types of concerns:

- What if the customer says malicious things about us?
- What if a disgruntled customer goes viral on us?
- How much resource commitment is required to do Social CRM right?
- Why fix what is not broken or change the formula now? The organization has been very successful to date.

A Social CRM Success Formula

I encourage hard-core skeptics to jump ahead to Part VII, “The Future of Social CRM,” to read about where Social CRM is headed over the next decade. After you do, I ask, does it still make sense for your organization to stand on the sidelines during this fundamental shift in the way customer and organizations interact with one another?

To skeptics who remain open to discussion, I point to the fact that Social Media communities (the core of every successful Social CRM strategy) have become the number-one interactive source for buyers. I also note that more than 80 percent of Internet consumers search online for organization/product information, trusting peer-generated content more than organizational or professional insight. The Social Media revolution isn’t going away, and executives need not fear change. I recommend taking a proactive approach to learning more about Social CRM. Here is a measured, four-step approach to exploiting Social CRM benefits:

1. Take the time and invest in listening to customers. There are dozens of cost-effective ways to monitor what customers are saying about the organization.
2. Build a simple Social Media community to attract customers and prospects and open a two-way dialogue.
3. Be sure to integrate customer Social Media insight directly into the organization’s Social CRM system so that all frontline personnel who have access rights gain a 360-degree view of the customer.
4. Leverage new Social CRM processes and tools in sales, marketing, customer service, ebusiness, and analytics to help drive new product/service sales.

The following is a short Social CRM success story to illustrate these benefits. The customer is a global leader in food manufacturing that has a growing foodservice division. Until recently this division relied heavily on the well-established food distribution channel to sell to and service its customers. The organization got a wake-up call when economic times got tough and distributors began to offer their own competitive products. Although respectful of the key role that the well-established distribution channel played, the food manufacturer decided to focus its attention on enhancing a two-way dialogue with the end customers—not solely with

restaurant owners that the distributors sold to, but also with chefs that work in specific restaurants. The company built social communities that discuss food preparation, held chef contests, shared food trends, polled end users about new ideas, and so on.

The results generated by the food manufacturer's social community have been impressive. End users are now "pulling" the company's products through the distribution channel, driving new growth. The company can now quickly uncover A-list customers worthy of direct sales force visits. Sales and marketing processes are now more closely linked. The company also has begun to leverage customer insights to deliver new and highly profitable products.

Many organizations, including several global, best-in-class customers, are well on their way to mastering Social CRM to deliver increased customer satisfaction, loyalty, customer advocacy, and a meaningful ROI. Here's a response to the concerns raised previously that executives typically voice:

Q: What if the customer says malicious things about us?

A: Customers do and will continue to say good and bad things about an organization on Social Media communities. Sharing stories positive and negative is what people do, and today's simple-to-use Social Media communities provide an ideal format for it. So, the question becomes, do you want to participate in this story sharing and be aware of what people are saying, or do you want to stick your head in the sand and hope for the best?

Q: What if a disgruntled customer goes viral on us?

A: This is a potentially serious risk, but there are meaningful ways to mitigate it. I work with one of the world's largest manufacturers, which is very conservative and very careful about managing risk. Its track record is commendable. When it built its first Social Media community, it was careful to put in place a number of checks and balances to ensure that a disgruntled customer would not go viral.

First, the company opted for a private versus a public Social Media community because it would have control over who joined the community and what was being said on it. Second, potential community members were carefully vetted prior to being invited into the community, and each new member had to agree to strict community guidelines before being allowed to join. Third, the community is carefully monitored—issues that